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ABSTRACT

This report to the Santa Monica College (SMC) Board of Trustees focuses on the college's programs and achievements, especially as they relate to community development, and proposes a new city government and school relationship with respect to educational finance. The report proposes creation of the Santa Monica Educational Authority (SMEA), a voluntary educational partnership between the City of Santa Monica, the Santa Monica-Malibu Unified School District (SMMUSD) and SMC. The purposes of SMEA would include arranging institutional cooperation in community development efforts; meeting the recreational, educational and cultural needs of the community; building new institutions to contribute to community and economic revitalization; and meeting educational funding shortfalls with city revenues and reserves. The report proposes that the city of Santa Monica annually allocate the maximum amount possible for public educational revitalization in the City of Santa Monica, consistent with an estimated annual unfunded need of at least $18,000,000. Of this amount, 70% would be allocated to SMMUSD, 25% to SMC and 5% to new programs serving children under the age of six. Recommendations include meeting with community, city and SMMUSD representatives to discuss and revise this proposal, and preparing a legal opinion to assess means of ensuring municipal support for this proposal. (PGS)

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ED 445 739

Initiatives for Public Education: Endowing Lifelong Learning for Santa Monica

Staff Report to Board of Trustees

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STAFF REPORT
Amended and Adopted by Board of Trustees May 1, 2000

TO: Board of Trustees

FROM: Piedad Robertson, President/Superintendent

SUBJECT: Initiatives for Public Education

I. INTRODUCTION.

"Changing lives," "excellence in education," and "open and affordable access" are terms that Santa Monica College chooses in defining itself through its vision and mission statement.

"Changing lives" indeed! The Bureau of Labor Statistics reports that the average person changes careers three or four times before retiring from work.[1] Perhaps never before have community colleges been as important to the individual and to society, providing an ability to respond quickly to new needs in human resource development and lifelong learning.

Yet the funding limitations of community colleges, and of Santa Monica College in particular, are poorly understood, as well as the strategies that must be employed to overcome these funding limitations.

Current conditions imperil the public education provided by Santa Monica College to Santa Monica residents, particularly with regard to access to the College. Additionally, resource allocations no longer match the needs and missions of the public educational institutions in Santa Monica.

There may well be multiple causes of the conditions that currently imperil public education in Santa Monica, and some of these causes may well be remedied by means of public outreach and information, or by means of legislative redress.

However, at root, there are significant legal impediments that must be addressed to assure continued access to programs of quality at Santa Monica College. These legal obstacles are at once a challenge and an opportunity, for their solution will require new leadership in developing public policy for public education in Santa Monica, in a vision that

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[1] Other studies have suggested higher numbers. For example, one study concluded that the average worker in the course of their work life will change careers at least seven times and jobs almost ten times. American Society for Training and Development, "Workplace Basics" (1998).

includes K-12, Santa Monica College, and other lifelong learning systems of delivery.

Clearly, Santa Monica College is able to provide such leadership.

This memorandum provides information on the background of the College, its funding history, its history of access, who it serves, and information on new economic activity in Santa Monica. It also presents the existing educational conditions with regard to resources and needs, and provides a set of leadership strategies for resolution.

II. BACKGROUND.

Santa Monica College today is the preeminent educational, cultural, and economic development institution in the City of Santa Monica.

- It offers programs of the highest quality for Santa Monica students who continue on with their higher education studies.
- It offers programs of remediation and reentry for Santa Monicans.
- It is the leading community provider of programs for seniors.
- It offers cultural and arts programs of national distinction.
- It offers programs of exceptional depth in professional training, job training, and workforce development.
- It offers community service programs of personal interest.

Santa Monica College has achieved a remarkable standard of service, as shown by the following measures.

- More than 29,900 Santa Monica residents have taken academic classes at the College during the past ten years.[2]

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[2] According to the Santa Monica College Office of Institutional Research, the unduplicated head count of Santa Monica residents taking credit and non-credit academic classes at Santa Monica College for the ten-year period, Fall 1989 through Summer 1999, was 29,901.

- Members of two out of three Santa Monica families have attended the College.[3]

- More than 6,700 Santa Monica residents attended the College for academic courses this past year, the largest number of Santa Monicans ever.[4]

- An additional 3,000 Santa Monica residents attend Community Services and Extension classes at the College each year.[5]

- An estimated additional 10,000 Santa Monica residents attend or participate in at least one cultural or recreational activity through the College each year. In addition, there are 6,285 Santa Monica resident subscribers to radio station KCRW.[6]

Santa Monica College has developed numerous programs of quality and innovation in response to community demands.

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[3] March 1992 Public Opinion Survey of Santa Monica and Malibu residents conducted by Fairbank, Bergman & Maullin. An updated survey will be conducted later this year.

[4] The unduplicated head count and FTES (Full-Time Equivalent Student) numbers for Santa Monica residents for the last five years, as provided by the Santa Monica College Office of Institutional Research, are:

Year	Undup. Headcount	FTES
Fall 94 - Summer 95	5,731	2,423
Fall 95 - Summer 96	5,755	2,454
Fall 96 - Summer 97	5,908	2,591
Fall 97 - Summer 98	6,151	2,750
Fall 98 - Summer 99	6,761	3,044

[5] Data provided by the Santa Monica College Office of Continuing Education. This is a not-for-credit program, and student attendance in this program is not reported to the State for apportionment purposes.

[6] Estimate of public attendance provided by the Santa Monica College Office of Public Programs. KCRW data provided by the KCRW Station Manager.

- It is the leader in transfers to the University of California,[7] and its Scholars Program is a nationally-recognized model program.
- It is the only community college in the State to offer an Emeritus College program for seniors, also a nationally-recognized program.
- It is the only community college in the State with a Women's College program.
- It is the only community college in the nation with an internship program in political science with student placements at the federal, state, and national non-profit levels.[8]
- It is the only community college in the State with a portfolio program in the arts taught by practicing professionals.[9]
- It is the only community college in the State with a dedicated campus for programs in design and applied arts, including entertainment technology.[10]
- Its radio station KCRW has redefined public radio for Southern California, has redefined music programming for the nation, and is poised to redefine web newscasting for the Internet.

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[7] The top five community colleges transferring students to the University of California in Fall 1999 were as follows:

Santa Monica College	545
Diablo Valley College	431
Santa Barbara City College	396
De Anza College	384
Orange Coast College	275

[8] The Dale Ride Internship program began in the summer of 1991 and has placed about 50 students in agencies in Washington, DC, New York City, and various state and local governments.

[9] The faculty for the College of Art, Design & Architecture have included sculptor Laddie John Dill, graphic designer Deborah Sussman, and furniture designer Robert Wilhite, as well as a dozen more practicing professionals in the arts.

[10] The Academy of Entertainment & Technology is a 3-1/2 acre site, fully wired and dedicated to professional training in the design arts.

As a consequence of these programs and many others, Santa Monica College is considered to be one of the top ten community colleges in the United States[11] and is the most highly regarded public or non-profit institution in Santa Monica.[12]

Santa Monica College receives below-average State funding

What is less known, and what may be most surprising, is that Santa Monica College receives the lowest amount per full-time student (equivalent) of all community colleges in the State of California.[13] This unique burden has existed since 1978, with the passage of Proposition 13, the landmark property tax initiative. Funding for schools, including community colleges, shifted from local control to a system of State apportionment in which not every community has been treated the same. Today, for example, Santa Monica College receives $477 less per FTES (Full-Time Equivalent Student) from the State than does its neighbor, the Los Angeles Community College District.[14]

But exactly how does one achieve high quality when starting out with the lowest funding of all? There are lessons to be found in the recent past.

In 1978, the year of Proposition 13, Santa Monica College was not an independent government agency; it was part of the Santa Monica-Malibu Unified School District ("SMMUSD"). There was only one elected School Board which would first meet as the elementary and high school (K-12) board, and would reconvene later the same evening as the College Board. The Board had the power to set property tax rates to pay for education; different rates could be set for K-12 instruction than for College instruction.

Inflation was quite high during the years just prior to the passage of Proposition 13, and as a consequence, property tax revenues for schools and for cities had been increasing rapidly. Just prior to Proposition 13, the SMMUSD Board had voted to lower the property tax rate because of a large surplus.

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[11] Rolling Stone Magazine, October 15, 1998.

[12] See footnote 3 *supra*.

[13] From a report "Community College Revenues: Comparison of Estimated Dollars per Full Time Equivalent Student" dated July 20, 1999, prepared by Gossmont-Cuyamaca Community College and distributed system-wide.

[14] *Id.*

Following passage of Proposition 13, and the shifting of funding from localities to a State apportionment model, the peculiarities of how the Board had handled the growing surpluses and the way it had characterized the components of the property tax ended up harming Santa Monica College when the new State apportionment formulas were defined.[15]

As a consequence, Santa Monica College today receives the lowest apportionment in the State for all 71 community college districts.[16] Santa Monica College is $275 per FTES below the State average, or a total of more than $5 million less than it would receive if it received the State average. This State apportionment discrepancy does not exist for the K-12 school district. Two years prior to Proposition 13, a landmark California court decision, *Serrano v Priest*, 18 Cal. 3d 728, 557 P.2d 929, 135 Cal. Rptr. 345 (1976),[17] imposed a requirement that funding for K-12 education, but not for community colleges, be "equalized" among districts throughout California; as a consequence, the school district receives the same apportionment funding as other districts in California.

Santa Monica College receives below-national average funding

As for the national average, Santa Monica College (and almost all other community colleges in California) is in a position similar to the California K-12 school districts, which receive below national average revenues per ADA. Santa Monica College is far below the national average in FTES apportionment. The California Community College Chancellor's Office reports that California community college funding is $2,300 per FTES below the national average.[18]

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[15] More specifically, the property tax components for the College had been broken into such categories as "Community Services" and "Basic Education," so in the apportionment formulas, some of these prior revenues were not considered as part of the base. Additionally, the ADA earned from Los Angeles students was not averaged into the base.

[16] See footnote 13 *supra*.

[17] The California Supreme Court first addressed the issue of equalization in its *Serrano I* decision in 1971. *Serrano v. Priest*, 5 Cal. 3d 584, 487 P.2d 1241, 96 Cal. Rptr. 601 (1971). *Serrano I* held that the plaintiffs had stated a cause of action that California's system of educational financing violated the Constitution; it was not a final judgment. Following *Serrano I*, the Legislature adopted legislation to increase ADA base revenue and to establish certain maximum revenue limits for more affluent districts. However, the California Supreme Court's *Serrano II* decision found that these measure were insufficient and ordered that disparities between school districts in per-pupil expenditures be reduced to insignificant differences. 18 Cal. 3d at 749 n. 21, 557 P.2d at 940 n. 21, 135 Cal. Rptr. at 356 n. 21.

[18] From California Community College Chancellor Thomas Nussbaum, February 1, 2000, in his weekly e-mail update message.

Prior to 1988, Santa Monica College faced penalties for serving its population base

As a rule, community colleges serve a population base of about 300,000 people, and this has been true for Santa Monica College as well. (There are 106 community colleges divided into 71 districts in California serving about 35 million State residents.) College programs are too specialized to be cost-effective otherwise. For most of Santa Monica College's history since its founding in 1929, about 70% of Santa Monica College students have been from outside Santa Monica and Malibu.

Prior to Proposition 13, Santa Monica College was able to use the Los Angeles property tax revenue (and the State apportionment) that came in on the shoulders of Los Angeles students to fund the higher education needs of Santa Monica and Malibu students. As a consequence, it could keep property taxes lower than in other communities.

But with the system-wide shortfall caused by Proposition 13 for community colleges, students became a precious resource, and state law imposed a penalty for students from Los Angeles who attended Santa Monica College. Santa Monica College administrators report that Santa Monica College actually had to pay Los Angeles about $500 per ADA for every student beyond a certain number as specified by a contract between Santa Monica College and Los Angeles.

Santa Monica College becomes an independent governmental agency

In 1982, in accordance with State wishes, Santa Monica and Malibu residents voted to make Santa Monica College an independent governmental agency with a separately elected Board of Trustees.

The community has always expected programs of quality from its schools. But the College began its new life constrained by below average funding from the State, and a penalty if it used the revenue from students outside its district borders to strengthen and deepen its programs.

In response, the College began a multi-year lobbying effort that led to a landmark change in status for all community colleges in the State. Community colleges would no longer follow the K-12 practice for attendance, but would instead follow the higher education model. Any California resident can now attend any California college or university, including community colleges, without penalty.

In addition, the College began to formally support a small program in which international students had begun attending Santa Monica College. The earned revenues from this program today augment apportionment revenues by about 15%.[19]

The College then placed virtually all of these new resources into recruiting and attracting exceptional new faculty, and almost none of these resources into new facilities.

Lastly, the College began using its facilities to the greatest extent possible, by shifting programs into the afternoons, expanding its summer offering, adjusting the calendar to add a winter session, and making most classes follow a twice-weekly pattern rather than three meetings a week.

This combination - modest revenue increases used to retain a superior faculty, the removal of unnecessary out-of-district student permit fees, and an efficient use of facilities - has worked to sustain the College through intervening difficulties and recessions.

This stability allowed the College to turn its attention to facility modernization. In 1992, Proposition T was passed providing money for modernization projects. However, the 1994 Northridge earthquake required the College to focus on earthquake recovery efforts. Both the Proposition T projects and earthquake recovery efforts have resulted in improved facilities for the community. While the 1980s concluded with perhaps only $4 million of new building construction for the College, the 1990s produced more than $120 million of new construction and modernization.[20]

In addition, the College has been able to attract new national-level leadership and has introduced new programs and revenue sources in support of digital technologies and workforce and economic development.

Santa Monica College has traveled a road that perhaps was intended only for survival and has arrived as an institution that is a community treasure and a source of educational leadership. Santa Monicans today have unprecedented access to academic and professional programs of great depth and breadth unavailable on any other community college campus.

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[19] International student enrollment in 1972 was 70. International student enrollment in 1999 is more than 2,600. International students today provide about $12 million in revenue, contrasted with Santa Monica College's budgeted State apportionment funding for Fiscal Year 99-00 of $64.5 million.

[20] Estimates provided by Santa Monica College's Office of Planning and Development.

Santa Monica College is the Best Local Bargain in Government

Initiatives by the College in the areas of professional and workforce development have made Santa Monica College a major provider of human resources and a significant contributor to the economic development of Santa Monica. These programs include such as the Academy of Entertainment & Technology, partnership employee training grants for Santa Monica employers, a mini-career center for Santa Monica residents, a new Institute for International Trade, and a twice-a-year job fair,

This strong record of service has made Santa Monica College's academic and career programs highly valued by Santa Monica residents and local employers.

Using Regional Resources for Local Benefit

Significantly, these programs are provided at extremely low local cost. Only 5% of Santa Monica College's operating budget (now about $100 million per year) originates from local property taxes. The balance of the revenue is from non-local property taxes, state apportionment (primarily from sales and income taxes), and international student tuition.

Likewise, of the more than $175 million in capital expenditures since 1988, only $23 million, or about 13%, has required local funding (Proposition T, approved by local residents in 1992). The balance has been from federal and state aid, student fees and an expanding list of private donors.

Maintaining Access

The combination of increasingly higher quality and consequent popularity and growth is by and large a positive circle. Local residents can find the quality and breath of lifelong learning opportunities that they require near at hand, and local businesses can find the prepared workforce that they require to succeed.

The voters of Santa Monica and Malibu have consistently endorsed this vision of College achievement, by supporting the creation of the College district separate from the Unified School District, by electing State representatives to champion the removal of geographic attendance restrictions, by endorsing a long-serving Board of Trustees (one of the most stable in the State), and by passing the first local bond measure for community college facilities in California since the passage of Proposition 13 in 1978.

Maintaining access to the College, especially to its main campus, has required an evolving set of strategies since the current campus opened in the 1950s. Originally without neighbors, the College used surface parking and surrounding streets for student needs. Parking fees were introduced in 1976; the first parking structure was built in 1983;

preferential parking was introduced as a traffic mitigation in 1988; and shuttle parking, the airport campus, and two new parking structures were employed to remedy the loss of street parking created by preferential parking.

In this decade, preferential parking has been expanded three times by the City of Santa Monica resulting in additional loss of street parking[21] and additional mitigations imposed on the College.[22] The first parking structure and other campus surface parking has been lost to the earthquake and the recovery effort.[23] Two more satellite campuses have been acquired, providing additional off-site parking; and the shuttle lot has been closed and subsequently re-opened and expanded.

Costs of Maintaining Access

To date, Santa Monica College and the users of the College (students and staff) have paid all the costs of maintaining access to the College. This has been burdensome, as the State of California provides no funds to pay for parking structures, to pay for shuttle services, or to acquire satellite parking locations. In addition, none of the Proposition T

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[21] City regulations require that as a condition for preferential parking, at least a majority of the street frontage must be currently impacted by non-resident parking. *See* Municipal Code Section 3.08.040. As the City has expanded the zone, it measures the impact outward only, and has not studied project alternatives that "share" the streets inward toward the College. As a consequence, the College preferential parking area now restricts more street parking than necessitated by Santa Monica College parking demand.

[22] Each expansion of the preferential parking zone is a City project, not a College project. As a consequence, the City bears the responsibility to mitigate any environmental consequences of the expansion. However, the City has assumed that the College should provide mitigation. For example, a December 17, 1996 City Staff Report in connection with an expansion of the zone stated:

> Should this occur, the FEIR states that Santa Monica College could implement a series of measures as identified in the FEIR to mitigate the potential impact. If the measures implemented by Santa Monica College are unsuccessful, the preferential parking area could be expanded beyond the recommended boundaries of the zone.

[23] About 700 surface and structure parking spaces have been lost due to the Northridge earthquake. The facilities master plan adopted by the College in 1998 calls for all replacement parking to be in structures and underground as much as possible. FEMA recovery funds are sufficient to replace 225 of these spaces. The recovery costs for the other 475 spaces are estimated at more than $7,125,000.

local funds have been used for parking. And finally, the mission of the College, to provide educational opportunity regardless of economic means, prevents the College from charging students the full cost of access (students pay about one-third of the actual cost of parking).

A number of current events in Santa Monica make it clear that the future cost of providing access to the College's programs, including access for local residents, may be beyond the resources of the College and its users alone.

These events include the loss of shuttle parking,[24] additional loss of street parking through the expansion of preferential parking,[25] potentially adverse zoning restrictions on replacement parking structures for the main campus, and an over-all increase in property costs.[26] The College is obligated to investigate, determine its legal responsibilities and authorities, and develop strategies to mitigate the potential loss of parking. Without action, the quality and programs of the College are at risk.

The Campus Shuttle and Airport Shuttle Lot

About one-third of the College students arrive on campus through alternative transportation modes, including bus, walking, and ride-share. Two-thirds arrive by car. As more fully discussed in Santa Monica College's Master Plan, there are approximately 2,000 parking spaces on the main campus, supplemented by 980 additional spaces on satellite campuses. About 1,275 on-street parking spaces not restricted for preferential parking are available for students to use.

In July 1997, the City of Santa Monica approved the Santa Monica Airport Non-Aviation Land Use Feasibility Study, which provided for the creation of a five-acre playing field and off-leash dog park, with some parking attached. The project will displace

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[24] The Shuttle is serving as the interim replacement of College parking lost to the Northridge earthquake in addition to serving as mitigation for the expansion of the preferential parking zone. There are no funds currently available to replace the parking long-term.

[25] Preferential parking has been expanded by ordinance or by administrative regulation four times. Each expansion has substantially reduced on-street parking spaces available to the general public. The incremental cost to the College to replace on-street parking with on-campus structure parking is estimated at more than $10,000,000, plus ongoing operational costs.

[26] Assessed property values have increased by 19% since the Northridge earthquake, and are projected to increase by another 19% in the next two years. Assessed property valuation in 1994 was $9,633,573,633 and in 1999 was $11,335,026,057. Building permit activity for Fiscal Year 99-00 is at the same level as the past two years.

most of the College's shuttle parking. In July 1999, the City of Santa Monica awarded a contract to prepare the required Environmental Impact Report for this project. No public actions have yet occurred; specifically, no scoping hearings have been announced.

The College intends to prepare for this report by understanding the impacts the loss of shuttle parking will have on the College and by having any such impacts included in the environmental analysis. Additionally, the shuttle is considered a mitigation for the City of Santa Monica's expansion of the preferential parking area. The implications of eliminating this mitigation will need to be determined.

Additional Main Campus Parking

Santa Monica College's Master Plan, released in January 1998, based on Fall 1997 student enrollment, concludes that the College main campus had a parking deficit of about 310 parking spaces. (Approximately 700 parking spaces were lost due to the effects of the 1994 Northridge Earthquake.) The parking deficit will grow over time if action is not taken to provide additional parking. Thus, the plan calls for an addition to parking structure C (to replace Structure B destroyed in the earthquake) and an underground parking structure on the northeast side of campus.

The addition to parking structure C will proceed, following City approval, funded by earthquake recovery monies, user fees, and College funds. No funds have been identified to fund the additional parking facilities. However, the City of Santa Monica Earthquake Recovery Redevelopment Project is a potential source of funding.

Santa Monica Earthquake Recovery Redevelopment Project

The Earthquake Recovery Redevelopment Project was created in June 1994, following the January 1994 Northridge earthquake. Redevelopment agencies are not magic; they do not create new revenue. Rather they re-direct revenue that would have gone to other governmental agencies to the local redevelopment agency (operated by the City of Santa Monica).[27] The rationale for this re-direction is to help the local agency rebuild the infrastructure and the local economy, on the premise that such re-building and economic stimulation would not otherwise occur.

Specifically, the Earthquake Recovery Redevelopment Project is an area of more than three square miles (the City itself is slightly more than eight square miles), and includes the College's main campus and the Madison campus, but does not include the

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[27] The Redevelopment Agency of the City of Santa Monica is a separate legal entity. However, because it is governed by the City Council, it is referred to in this staff report as the City.

Airport campus or the Stewart Street campus.[28] As property value assessments increase within this area, through transfers of title or new construction, the increases in property taxes (the property tax "increment") goes to the Redevelopment Agency. As time goes by, these increases can be quite large. The Earthquake Recovery Redevelopment Project is performing beyond all expectations, with current revenues more than 50% higher than projected in 1994.[29]

The Earthquake Recovery Redevelopment Project has several obligations that affect distribution of funds. Currently for every dollar taken in, the City keeps about 83 cents, the Santa Monica-Malibu Unified School District gets about 3.5 cents, Santa Monica College receives about one cent, and a handful of other agencies share about 12.5 cents. (Clearly, this distribution does not favor education in the way that public opinion would.)

State law requires all redevelopment agencies to spend 20% of their funds on housing; the current City Council has indicated a commitment to provide more than the State minimum. State law also requires redevelopment agencies to prepare a plan for community reinvestment every five years. Five years have passed since the Redevelopment Agency adopted its first five year plan for the Earthquake Recovery Redevelopment Project.

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[28] The project encompasses approximately 3.6 square miles or 43.4% of the City's total land area. It is generally bounded by Pico Boulevard on the south, 26th Street on the east, Montana Avenue on the north and Ocean Avenue on the west. More than one-half of the City's population resides within the project area. There are 7,786 parcels in the project area which comprise approximately 34% of the 22,615 parcels in the City. This area is almost entirely developed with 44% commercial, 38% residential, 3% industrial and 15% governmental and other uses by assessed value. For 1999-2000, total assessed value of the project is $5.002 billion or 43.8% of the City's total assessed valuation of $11.413 billion.

[29] The City's 1994 financial projections for the Earthquake Recovery Redevelopment Project are substantially understated. Comparing the projections made by the City in 1994 with the projections contained in the Preliminary Official Statement for 1999 Tax Allocation Bonds reveals the following:

	1994 Projections	**1999 Projections**
1999-2000	$5,363,818	$11,484,000
2000-2001	$6,321,398	$12,750,000
2001-2002	$7,298,130	$15,409,000
2002-2003	$8,294,396	$16,423,000
2003-2004	$9,310,587	$17,458,000

These figures represent gross tax increment revenues. These revenues may be received through the year 2039.

A new five-year plan for community reinvestment was adopted by the City in Fall 99. Even after the Rand purchase and the set-aside for housing and required governmental transfers, at least $150 million and probably much more remains for community reinvestment.

The College's role in economic development is well understood within the urban planning community. Facility projects that improve economic recovery, such as ones that provide access to training, should receive high priority. Additionally, integrating the College Pico Boulevard frontage into the commercial community fits well with other goals articulated by City planners. Lastly, providing funds to earthquake recovery projects for governmental agencies within the project area that are unfunded by other means (by FEMA, for example) is explicitly listed as among the reasons for creating the Earthquake Recovery Redevelopment Project.[30] A partial listing of such projects is included in this memorandum.

Besides the Earthquake Recovery Redevelopment Project, the City of Santa Monica is enjoying unprecedented revenue streams from a strong economy and its own regional popularity. Municipalities traditionally have relied on property taxes to fund police and recreation (trash and water are paid by user fees). In the City of Santa Monica, property taxes now rank below five other sources of revenue, with sales taxes, utility taxes, business

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[30] "Institutional revitalization" for local governmental agencies, which includes the City of Santa Monica, the Santa Monica-Malibu Unified School District, and Santa Monica College, is a stated goal of the Earthquake Recovery Redevelopment Project, as shown in its Five-Year Implementation Plan.

A number of projects and programs of the College are now unable to be implemented because of the Northridge earthquake. Earthquake recovery projects for which there is no currently available funding include an additional underground parking structure ($11.7 million), a replacement liberal arts building ($13.2 million), a remodel of the Madison Theater ($15 million), and additional projects.

Several programs of benefit to the local community cannot be expanded because funds intended for expansion have been used in earthquake recovery. These projects include an expansion of the Emeritus College program for senior residents ($500,000 per year), an expansion of Workforce & Economic Development training programs for Santa Monica businesses and industries ($2.5 million per year), an expansion of the Community Bridges program which places Santa Monica College students in service to community agencies as part of the service learning curriculum ($1.5 million per year), a new facility for KCRW ($10 million), and an expansion of arts and cultural program activities and instruction ($1 million per year). Additionally, a new service learning and student success building is unable to proceed because funds intended for this purpose have been used in earthquake recovery ($14.5 million).

and professional license, parking license and fees, and hotel visitor taxes each providing more revenue annually than property taxes.[31] Two of these sources were minimal prior to Proposition 13 in 1978. The City of Santa Monica has made the argument in defending its restricted and unrestricted reserves of more than $280 million that it must be prepared for economic down times.[32] While there will always be differing views on priorities, one could make much the same argument in favor of prudence with regard to one-time facility investments in education and training.

III. A VISION FOR THE FUTURE.

The City of Santa Monica, the Santa Monica-Malibu Unified School District, and Santa Monica College have all adopted independent strategies in response to Proposition 13. The premise of this Staff Report is that independence has run its course, and that the promises of a lifelong learning community, quality public education, and access to programs are at risk without new strategies.

The City, because of its status as a charter city, has had the greatest flexibility in replacing Proposition 13 funds, by supporting activities leading to increases in sales taxes, utility taxes, transient occupancy taxes, business and professional licenses, parking licenses

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[31] Revenues for Fiscal Year 98-99 for the City of Santa Monica are reported in the Comprehensive Annual Financial Report for Year End June 30, 1999 and in the Annual Budget for Fiscal Year 99-00.

Property Tax Revenue	$13,758,657
Utility User Tax	$23,969,000
Sales & Use Tax	$21,423,677
Transient Occupancy Tax	$15,418,000
Business & Professions License	$14,230,000
Parking Licenses & Fees	$27,834,787

[32] Fund reserves and other resources are reported in the City of Santa Monica's Comprehensive Annual Financial Report for Year End June 30, 1999, as follows:

General Fund Balance (Restricted, Designated Reserve, and Unrestricted)	$161,614,480
Special Revenue, Redevelopment, & Debt Service Fund Balance	$43,485,683
Self-Insurance Funds Balance	$7,469,002
Vehicle & Computer Replacement Fund Balance	$7,469,002
Enterprise Funds Balance	$62,826,893
Total Fund Balance	$282,540,893
Deferred Revenue	$94,084,626

and fees, and utility fees.[33] The City today has substantial resources to fund unmet education needs in the community.[34]

The School District has replaced lost funding by increased efficiencies through school closures; have brought some new revenues in through permit students (adding about 16% to its operating budget)[35]; have won local support through bond revenues, parcel taxes, and City and community donations; have increased revenues through long-term leases; and have won State and Federal grants. Yet still the Schools face the reality of receiving State-average funding for operating costs at a level that is now the 43rd lowest in the country.[36]

Santa Monica College has replaced lost funding, below-average State funding, and below-average national community college funding by increasing operating efficiencies to a level that is the highest in the State; by increasing earned revenues from international students; by increasing revenues by attracting students from an expanded service area; by maximizing State and Federal grant opportunities; and by winning local support through bond revenues and community donations. While the operating costs of the College are stable, there remain unmet facility modernization needs and an inability to expand lifelong learning programs to meet community needs. In addition, community access to the College remains restricted due to parking.

Santa Monica College and the Santa Monica and Malibu Schools are the only local providers of public education for Santa Monica residents. Today, the SMMUSD provides 71.4% of the public education delivered locally to Santa Monica residents, and Santa Monica College provides 28.6% of the local public education.[37]

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[33] See footnote 31 *supra*.

[34] See footnote 31 & 32 *supra*.

[35] From a SMMUSD Enrollment Report dated January 21, 2000. Total enrollment is 12,162; permit enrollment is 1,979, or 16.3%.

[36] "Since the 1963 school year, California has slipped from seventh place to 43rd among the states in spending per pupil." Lori Aratani, *California Lawmakers Consider Measures to Boost School Spending*, San Jose Mercury News, April 9, 2000.

[37] SMMUSD reports its total enrollment at 12,162 as of January 21, 2000 (the District report excludes ADA generated by certain of its programs). The total enrollment includes 1,979 permit students, 2,024 Malibu students, and 8,159 Santa Monica students. ADA is calculated on actual attendance, which school-wide is 93.08 percent. The ADA from Santa Monica residents is about 7,594 for the year. For Santa Monica College, the FTES from Santa Monica residents for the 1998-99 year was 3,044, as reported by the Office of Institutional Research. The combined total is 10,638 ADA/FTES for Santa Monica

As the preeminent educational institution in Santa Monica, the College is uniquely positioned to launch a bold initiative that will not only address legal claims but also respond to a variety of community needs. Features of this initiative include:

- Establishing a structure for institutional cooperation.
- Assisting in meeting the recreational and cultural needs of the community.
- Building new institutions to contribute to community and economic revitalization.
- Ensuring that the total tax contributions of City residents are fairly shared with educational institutions.

To accomplish these goals, the following specific suggestions are made. Each will require additional research to accomplish. This is a broad outline, which will likely be refined as further discussions and analysis occur.

Santa Monica Education Authority

This proposal recommends the establishment of an educational partnership between the City, the College, and the Schools through the creation of a joint powers authority, Government Code Section 6500 *et seq.*[38] The joint powers authority would regularly meet to coordinate activities among the City, the College, and the Schools.

Public agencies are empowered, pursuant to California Government Code Section 6500 et seq., to exercise their common powers jointly by agreement. By agreement a joint powers authority can be created that exists separately and apart from the member agencies. Pursuant to California Government Code Section 6508.1 the debts, liabilities and obligations of the Authority are solely those of the joint powers authority and do not constitute debts, liabilities or obligations of the member agencies. The agreement creating the joint powers authority spells out the governing structure and the joint powers the authority will exercise.

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residents, or 71.4% from SMMUSD and 28.6% from Santa Monica College.

[38] A joint powers authority is not the only type of relationship that could be established. For example, the City by ordinance could establish a new commission to accomplish the same purpose or a nonprofit corporation could be established. However, because coordination should be a governmental activity among independent agencies, a joint powers agreement would appear to best accomplish this objective.

We propose that the Santa Monica Educational Authority (SMEA) be created. The Authority would have the following features:

- The member agencies would be the City, Santa Monica College and SMMUSD.
- The Authority would be governed by a six member board, with each agency appointing two members. At least one of the appointees from each agency shall be an administrator of the appointing member.
- The Authority will initially function as a coordinating council among the member agencies to ensure cooperative working relationships.
- The Authority will also explore other areas where the joint exercise of powers would be beneficial and prepare written recommendations for expanded powers. Expanded powers could include allocating maintenance responsibilities, joint use of technology, sharing space, etc.
- Santa Monica College would assume responsibility for the administrative costs of scheduling and hosting meetings of the Authority (*e.g.*, agendas, distribution of minutes, copying costs).

The creation of a joint powers authority does not result in the relinquishment of any powers of the Board of Trustees. The authority will perform only those functions that are given to it in the joint powers agreement, which must be approved by the Board of Trustees.

Santa Monica College Can Provide More Athletic Fields for Santa Monica

The shortage of athletic fields in Santa Monica is well-known. Santa Monica College has shared its football stadium with Santa Monica High School and St. Monica High School for years. And its world-class track, installed for use during the 1984 Olympics and recently upgraded, is open for community use. More athletic fields are needed, ranging from space for youth soccer to practice fields for young athletes attending both public and private schools in the City.

The City owns 7.5 acres of undeveloped land in the northeast corner of the Santa Monica Airport. Because the parcel is partially situated within the jurisdiction of the City of Los Angeles, the City has been unable to put this land to productive use. Efforts to annex the Los Angeles portion into the City have been thwarted. Given the shortage of athletic fields available to both Santa Monica College and SMMUSD, this land presents an opportunity to help address this unmet need. Accordingly, we propose that we enter into negotiations with the City on the following terms:

- The City leases the land to Santa Monica College for $1.00 per year pursuant to a long-term lease.

- Santa Monica College will establish and maintain athletic fields available to meet the instructional needs of both Santa Monica College and SMMUSD. (Instructional purposes would include ample opportunities for use by community groups.)

- The lease on Santa Monica College's airport campus would be extended by the City for a comparable long-term period at the current lease rate, adjusted by the CPI, with Santa Monica College receiving a credit against rent for the amount expended to establish and maintain the athletic field.

Santa Monica College Can Provide Arts, Music and Science Programs at Santa Monica High School

Santa Monica residents want arts, music and science programs at their schools. Santa Monica College can help expand these programs. Without cost to the School District, Santa Monica College can provide arts, music and science programming at Santa Monica High School. Students receive college credit while also working toward their high school diploma. This program can expand course offerings available to our children and provide enhanced support for the High School's award-winning marching band and internationally recognized orchestra.

Earthquake Recovery and Economic Revitalization

In creating the Earthquake Recovery Redevelopment Project, the City made a commitment to assist the College and School District in earthquake recovery as well as institutional revitalization. To fulfill this commitment, the Redevelopment Agency should assist the College with the following projects:

- Reconstruction of the earthquake-damaged Liberal Arts Building.

- Replacement facilities for KCRW.

- Replacement of the Madison site auditorium with a state-of-the-art theater.

- Replacement of parking lost in the Earthquake, including an underground parking facility along Pico Boulevard to assist in street beautification efforts being undertaken by the City.

The School District also has earthquake recovery and institutional revitalization projects.

Workforce Training for Santa Monica Residents and Businesses

The Earthquake Recovery Redevelopment Project can also assist the College in meeting the job training needs of residents of the project area. We propose that the Redevelopment Agency assist the College in acquiring land in the Olympic corridor for a workforce development facility as well as space for other lifelong learning programs.

Endowing Lifelong Learning for the Future

City residents rank lifelong learning as a high funding priority. Unfortunately, California ranks 43rd among the states in per-pupil expenditures. Per-pupil expenditures in the Santa Monica-Malibu Unified School District are $1,246 less than in the Beverly Hills Unified School District. Santa Monica College has the lowest state-support of any community college in California.

We can do better. Santa Monica should become a model lifelong learning community committed to strengthening educational opportunities for all ages and stages of life to enhance the personal and professional goals of all residents.

Every child should enter school ready to learn. We must provide a margin of excellence for all our children. We must also provide the resources to equalize the success rate for children from all backgrounds in our community. Our School District has made extraordinary progress with its limited resources. The four-year dropout rate for the Santa Monica-Malibu Unified School District has been reduced to 2.4% compared to 11.7% statewide. Moreover, 67.8% graduate from high school eligible for the University of California and California State University systems compared to 36.6% statewide. Still, too many of our children graduate without the eligibility for UC-CSU admission (46.2% of Latino children, 35.2% of African-American children, and 23.9% of White children). More resources will ensure that improvements continue in these areas.

Our training and transfer education for our adult residents must remain current and affordable. The changing economy demands that we prepare our residents for the high-skilled jobs of the future.

We propose, using appropriate legal instruments, that the City make a long-term commitment to the education of its residents. The following proposal is offered for community discussion:

- The City of Santa Monica shall allocate on an annual basis the maximum amount possible for public educational revitalization in the City of Santa Monica, consistent with an annual unfunded need of at least $18,000,000.00. This commitment should be accompanied by a guarantee that social services and other essential funding will not be reduced.

- Of this amount 70% shall be allocated to the Santa Monica-Malibu Unified School District, 25% to Santa Monica College, and 5% to new programs serving children under six years old.

- This amount shall be adjusted annually based upon an appropriate inflation adjustor.

- Between September 1 and September 30 of each year, the City, Santa Monica-Malibu Unified School District, and Santa Monica College will be required to mail an accountability report to each resident explaining how the money is expended.

- Funding should begin upon the Santa Monica-Malibu Unified School District and Santa Monica College approving an expenditure plan.

IV. CONCLUSION.

It is respectfully recommended that:

1. Staff meet with the community, representatives of the City, and representatives of the School District concerning the proposals contained in the Staff Report entitled "Initiatives for Public Education: Endowing Lifelong Learning for the Santa Monica Community."

2. Staff incorporate community and agency discussions into the document entitled "Initiatives for Public Education: Endowing Lifelong Learning for the Santa Monica Community" and return the document to the Board of Trustees prior to widespread circulation.

3. Legal counsel prepare an opinion setting forth the legal instruments available to ensure ongoing municipal support for public education.

4. Staff provide periodic reports to the Board on the proposals so that the Board can provide additional direction to staff.